COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF TOLL AND ACCESS CHARGE PRICING AND TOLL SETTLEMENT AGREEMENTS FOR TELEPHONE UTILITIES PURSUANT TO CHANGES TO BE EFFECTIVE JANUARY 1, 1984	)	CASE NO. 8838 PHASE I

In the Matter of:

DETARIFFING BILLING AND COLLECTION SERVICES	)	ADMINISTRATIVE CASE NO. 306

O R D E R

PROCEDURAL BACKGROUND

On December 29, 1983, the Commission issued an Interim Order in Case No. 8838 allowing the implementation of access service tariffs on January 1, 1984. On November 20, 1984, the Commission issued its Order in Case No. 8838 prohibiting local exchange carriers ("LECs") from disconnecting customers for nonpayment of an interexchange carrier's ("IXC") charges. In that same Order, LECs were also prohibited from purchasing the accounts receivable of IXCs. By Order dated February 4, 1985, the Commission granted rehearing on the issues of disconnecting service and purchase of accounts receivable and held a hearing on February 22, 1985, to consider these issues. On April 1, 1985, the Commission issued an Order which permitted disconnection of customers and purchase of accounts receivable, pending a Final Order on billing and collection services.

On June 20, 1986, the Commission established Administrative Case No. 306 to investigate detariffing of intrastate billing and collection services and, also, to investigate the implications of the Federal Communication Commission's ("FCC") detariffing of interstate billing and collection services.

The Commission's Order of June 20, 1986, requested information, comments, and testimony from all LECs subject to the Commission's jurisdiction and other parties of interest. On August 6, 1986, an informal conference was held at the Commission's offices for the purpose of addressing issues common to Administrative Case No. 269 - Phase III,[1] Administrative Case No. 305[2] and Administrative Case No. 306. On September 4, 1986, issues common to this case and Administrative Cases No. 269 and 305 were consolidated for hearing purposes. A public hearing was held in this case on October 29, 1986, to receive testimony and permit the cross-examination of witnesses. Briefs were not filed in this case.

Billing and collection services include services provided by LECs to IXCs, whereby LECs bill and collect from end users for services provided to end users by IXCs. More specifically, billing and collection services include the recording of IXC message detail, the aggregation of IXC message detail to create billable messages, the application of IXC rates to IXC billable

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1 The Sale and Detariffing of Embedded Customer Premises Equipment.

2 Detariffing the Installation and Maintenance of Inside Wire.

messages, the processing and mailing of IXC rated messages in bill form, the collection of IXC payments and deposits, the handling of IXC customer bill inquiries, and the investigation of IXC bill evasion. The Commission extends this definition to include purchase, by LECs, of IXC accounts receivable, from IXCs for which billing and collection services are provided.

The issues in these two dockets relate to the provision of billing and collection services rendered to the IXCs by the LECs. The specific questions and answers the Commission must decide as identified in the two dockets are so interrelated that separate Orders would distort the Commission's overall intent. Thus, this combined Order will set forth the Commission's decisions in both dockets and establish the Commission's determination of its policy directives concerning the LECs' intrastate interexchange carrier billing and collection services.

BACKGROUND

The specific issues addressed in Case No. 8838 nearly 3 years ago were whether LECs should be permitted to disconnect local service for nonpayment of interexchange carriers' charges, and whether LECs should be permitted to purchase interexchange carriers' accounts receivable. Both practices were permitted on an interim basis pending final decision.

Approximately a year after the interim Order in Case No. 8838 was issued, the FCC issued an Order detariffing LEC billing and collection services, effective January 1, 1987. In response to the FCC's actions, the Commission opened the docket in Administrative Case No. 306.

The original Order in Administrative Case No. 306 asked for comments on a number of issues, but primarily whether the Commission should detariff the LECs' intrastate interLATA billing and collection services to the IXCs. Related questions involved general conditions for service either under regulation or under detariffing. One of the main concerns under either continued regulation or detariffing remains the pending issue in Case No. 8838, local termination for nonpayment of IXC charges, although the possibility of detariffing added a new dimension to this issue (i.e., should the regulatory status of intrastate LEC billing and collection affect this determination of local disconnection?).

The Commission has given due consideration to all of the foregoing matters. Moreover, although these issues and, thus, the Commission's decisions, in the abstract appear simple, these cases have been extremely complicated due to technical interrelationships, technological capabilities of the telecommunications network, and the interrelationship of billing, recording and collection and toll service rendered by a party other than an LEC who uses the integrated network.

FCC DECISION

On January 29, 1986, the FCC released an Order in Common Carrier Docket No. 85-88, Detariffing of Billing and Collection Services. As previously stated, the FCC ordered the detariffing of interstate billing and collection services effective January 1, 1987. The FCC detariffed interstate billing and collection services, concluding that such services are not communication services subject to regulation under the Communications Act of

1934 and that sufficient competition exists in the market to prevent unreasonable local exchange carrier billing and collection rates and practices. The FCC recognized that the message detail recording function could represent a potential local exchange carrier bottleneck, whereby the local carrier has total control of the function needed by the IXCs to perform message detail recording, and ordered that local exchange carriers continue to provide the message detail recording function to IXCs through 1989. The FCC deferred to the state commissions the issue of disconnection of local service for nonpayment of IXC interstate charges.

ANALYSIS AND DETERMINATION

Detariffing

In its Order of June 20, 1986, initiating the inquiry in Administrative Case No. 306, the Commission invited testimony or comments from all jurisdictional LECs and other interested parties on the following three questions:[3]

1. Should intrastate billing and collection services be detariffed and, if so, would detariffing be consistent with applicable Kentucky law?

2. Are intrastate billing and collection services subject to market competition and, if so, does sufficient competition exist to prevent unreasonable billing and collection rates and charges?

3. Does the message detail recording function represent a special case that requires continued regulation apart from other billing and collection functions?

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3 Order, p. 3.

The intent of the Commission's questions was to ascertain from responses thereto whether a sufficient level of competition existed in the market for intrastate billing and collection services to make "regulation" or "partial regulation" unnecessary.

The Commission received comments or testimony on these questions from the following LECs: South Central Bell Telephone Company ("SCB"), General Telephone Company of the South ("GenTel"), Continental Telephone Company of Kentucky ("Continental"), Cincinnati Bell Telephone Company, Inc., ("Cincinnati Bell") the Independent Group, North Central Telephone Cooperative, Inc., ("North Central") and Brandenburg Telephone Company, Inc. ("Brandenburg"). AT&T Communications of the South Central States, Inc., ("AT&T") was the only interexchange carrier that filed comments. No comments were received from any other parties of interest.

The LECs generally were of the opinion that competition was imminent, predominantly from AT&T, the dominant IXC in Kentucky, through AT&T's provision of its own billing and collection services. Therefore, the LECs believed that some form of market flexibility (e.g., pricing flexibility and the ability to combine or alter services) to forestall AT&T was necessary.

The terms "deregulate," "detariff," and "light regulation" in many of the comments have become confused. For the purposes of this Order the Commission will define "deregulate" as total absence of regulation with all investment, revenues and expenses considered "below-the-line." The Commission will herein define the term "detariff" as regulatory decontrol of prices with all

investment, revenues and expenses considered "above-the-line." Finally, the Commission will define "light regulation" as any type of streamlined regulation, such as price ranges, price lists, or shortened tariff notice periods, with investment, revenues and expenses considered "above-the-line."

None of the LECs were of the opinion that message detail and recording represented a special case because the LECs, as a group, felt that all billing and collection services should be subject to some degree of market flexibility and also because the IXCs have the capability to perform this function in equal access switches.

Though these common points of agreement existed, the LECs varied in the "ways" they felt that market flexibility should be achieved. SCB, Cincinnati Bell, Continental, Brandenburg and North Central were of the opinion that the Commission should deregulate intrastate billing and collection services. GenTel and the Independent Group were of the opinion that the Commission should detariff intrastate billing and collection prices or, in the alternative, impose "light regulation" but keep the investment, revenues and expenses above-the-line in regulated accounts. Regardless of their opinions on the regulatory treatment of intrastate billing and collection services, all LECs were of the opinion that disconnection for nonpayment of interexchange toll should be permitted.

Most of the LECs' responses to the need for regulation in some form or lack thereof did not differ significantly. As cited above, most of the LECs expressed concern and need for market flexibility because of AT&T's decisions regarding billing and

collection for its own intrastate interLATA toll services. Continental, to clarify that sufficient competition in billing and collection exists, referred to the fact that IXCs other than AT&T, (e.g., MCI and Sprint) were already contracting with other billing agencies (not the LECs) to provide their own billing and collection services.[4] Cincinnati Bell stated that other entities such as major credit card companies have obtained the ability to provide billing services for the LECs [emphasis added] and trade journals have carried announcements of various vendors signing contracts to provide such services.[5] No evidence to support this statement was supplied. Both SCB and Cincinnati Bell stated that different regulatory treatment in their multiple jurisdictions would cause confusion and additional costs.

GenTel, to support its position that billing and collection services should be only detariffed or lightly regulated, stated its reasons for detariffing or "light regulation" as follows:[6]

- Intrastate toll billing and collection services should continue to be regulated because these functions are an integral part of the LECs' own communications offerings.
- Separate accounting for deregulated toll billing and collection while intraLATA services remain regulated would be difficult at best.
- Maintaining intrastate billing and collection as regulated services would optimize the contribution these services make to the local jurisdiction.

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4 Continental's Comments, filed July 29, 1986, p. 2.

5 Cincinnati Bell's Comments, filed July 29, 1986, p. 3.

6 Direct Testimony of Norman L. Farmer, filed July 29, 1986, p. 4.

The Independent Group stated that because interstate revenues and costs have always been included in jurisdictional local rates set by the Commission, the practice should be continued with respect to revenues and costs from detariffed interstate billing and collection rates and intrastate billing and collection rates. The Independent Group added that it would be very difficult, from an accounting standpoint, for small independent companies to deregulate intrastate interLATA billing and collection services while maintaining intrastate intraLATA services within the regulated environment.

AT&T, the only IXC to comment, supplied testimony through its witness, Timothy Connoly. Mr. Connoly summarized AT&T's plans for conversion to its own billing and collection system. He stated that, "...deployment of AT&T's billing system will occur on a gradual basis. Implementation began with conversion to AT&T's own customer inquiry service."[7] He stated that AT&T already bills all of its interstate private line customers and has since January 1, 1984, the date of divestiture. He further stated that, in April 1986, AT&T converted its entire interstate WATS and 800 service customers in SCB's service territory and plans to convert the remaining LECs.[8] Mr. Connoly added that AT&T is now working on plans to convert intrastate WATS and 800 service customers served

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7 Direct Testimony of Timothy M. Connoly, Filed September 25, 1986, p. 9.

8 Ibid., p. 10.

by all LECs and has plans to bill and collect from all customers using both AT&T interstate and intrastate interLATA toll.[9]

Mr. Connoly commented that it was customers who infrequently used its services that may be better served by continuing with the LECs, and further commented, "...the prices and conditions set by the LECs for billing our low volume users will be important factors in our decision to render bills ourselves or to have the LECs do them." He considered these low volume users, "...a substantial portion of our total billed accounts (which) are potential candidates for continued LEC billing services."[10]

In other comments, Mr. Connoly stated he was of the opinion that message billing and recording was a special case and should be provided by the LECs as required by the FCC in its Order.[11] Mr. Connoly also expressed AT&T's opinion that local termination for nonpayment of IXC bills should be allowed.[12]

Local termination will be discussed in a subsequent section of this Order. However, the Commission's decision to allow local termination for nonpayment of an IXC's services billed by LECs is an important factor in the resolution of the degree of regulation.

The Commission has carefully reviewed the comments and testimony and the record in its entirety and is of the opinion that no change in the level or status of regulation of billing and

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9 Ibid., pp. 10-11.

10 Ibid., p. 11.

11 Ibid., p. 16.

12 Ibid., p. 18.

collection services is necessary or advisable. AT&T was cited by all LECs as the major competitive threat. AT&T, as described above, has definite plans for "take back" on certain accounts that it has either initiated or is in the process of initiating.[13] The LECs' prices or service options for billing and collection services on these accounts may not be negotiable (i.e., AT&T will likely bill some accounts irrespective of LEC prices). AT&T has obviously made some of its decisions on ordering billing and collection services based on its internal capabilities and its need for direct marketing to its large volume users. The LECs, on some accounts, may simply not be able to offer the degree of customer contact that AT&T needs to serve these markets.

On the other hand, AT&T does state that there is a substantial portion of its toll traffic that price will affect. This traffic most likely is from residential and small business users. The Commission did not ask for estimated message volumes by customer class; however, the Commission would generally agree with AT&T's statement that the remaining traffic represents a substantial portion of total messages. And since the bill processing function is charged on a per message basis, a substantial portion of revenue is likely to remain available to the LECs. Again, AT&T <u>did</u> state that price was a definite factor in its decision to continue to use the LECs' services or move to its own.

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13 Presently, AT&T has not "taken back" any of the intrastate billing and collection services in Kentucky.

However, at no juncture in its testimony did AT&T state that current prices and conditions would drive it immediately into developing and building a duplicate system, nor does this make economic sense. The LECs have substantial investments in billing and collection facilities. AT&T in today's market might be able to replicate these facilities at a somewhat lower cost, but the initial sunk cost to serve these low volume users would still be quite high. AT&T's recurring operating costs would also naturally increase since these costs are now shared with the LECs. AT&T, in lieu of providing its own service internally, might choose to use a major credit card company or other vendor to do its billing and collection, but these prices would have to outweigh the value of its continued ability to terminate local service by using the LECs' billing and collection services.

The ability of the LECs to disconnect local service for non-payment of AT&T's toll is a definite advantage to AT&T and, though not quantifiable, may be the critical factor that makes using the LECs' service for low volume users cost effective. AT&T in its testimony, using pre-divestiture and surrogate measures, estimated its uncollectibles <u>without</u> the disconnect feature to range from 1.83 percent to 7.49 percent, compared with an uncollectible range on total toll <u>with</u> the disconnect feature of .5 percent to 1.0 percent.[14] Depending on the volume of revenue from the low volume toll users, the local disconnect feature could very well be the

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[14] Connoly Testimony, Exhibit III.

deciding factor in AT&T's decision to continue using the LECs' billing and collection services.

As further evidence of their need for market flexibility, the LECs also cited the fact that other IXCs operating in Kentucky were performing their own billing and collection services either internally or through other vendors. These IXCs are still new to business as compared to AT&T and have fewer accounts to serve. It may in fact be cost effective for them to bill and collect from their designated subscribers due to the significantly lower volumes of messages. Moreover, their own billing and collection activities may allow them an ability to "advertise" or market their offerings. However, the Commission is not convinced that self billing and collection by the other IXCs imposes a significant market risk to the LECs at the present time.[15]

The Commission wants to make it clear that the LECs should remain very aware of their costs and resultant prices in the various facets of their billing and collection services. And, moreover, the LECs should frequently be in contact with their IXC customers to ascertain in advance particular prices or conditions of services that may require special attention. In special situations the Commission will be amenable to special contracts on a case-by-case basis or to changes in the billing and collection tariffs if necessary. However, the Commission, based on its foregoing conclusions, does not believe that instant market

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15 The Commission does take note that MCI and Sprint are now taking billing and collection services from SCB.

flexibility is needed in intrastate billing and collection services. First and foremost, the Commission is of the opinion that billing and collection for low volume users (i.e., residential and small business) is still a monopoly market. Moreover, the decision to provide its own service is not made overnight by an IXC and should not come as a surprise to an LEC and, thus, should not require immediate action.

Therefore, the Commission sees no necessity to detariff or deregulate intrastate billing and collection services in Kentucky. The regulatory mechanisms such as special contracts and/or tariff changes should provide LECs sufficient flexibility.

The Commission does recognize that LECs serving multiple jurisdictions frequently have problems and attendant additional costs associated with different jurisdictional decisions. However, the Commission must balance the utilities' desire for multi-jurisdictional uniformity with ratepayer interest in a reasonable policy governing billing and collection practices.

The issues of message detail and recording, separate subsidiaries, and cost allocation procedures are moot given the Commission's decision to continue to regulate intrastate billing and collection services.

Limitation on Billing & Collection Services

No LEC shall collect, on behalf of any utility, any intrastate rate or charge not contained in a tariff, or special contract, approved by the Commission. Similarly, no LEC shall collect, on behalf of any utility, for any interstate rate or

charge not tariffed by the FCC. If LECs' tariffs need modification to reflect this decision, the revised tariffs should be filed within 20 days of the date of this Order.

Local Termination

All of the LECs and AT&T commented or provided testimony requesting that the Commission allow local termination for nonpayment of IXCs' bills. As stated, the Commission in its interim Order in Case No. 8838 allowed local termination of service for nonpayment of an IXC's toll until a final decision could be rendered.

The LECs and AT&T, in their requests that this practice be continued, cited numerous problems should the Commission disallow this feature. These comments included difficulties in determining partial payment allocation, possible separate billing systems, the need for customer payment identification forms, increased toll uncollectibles, the inability of IXCs to sufficiently block toll calls in certain switches and general customer confusion. The LECs and AT&T also made comments on the desirability and practicability of this feature. Most of these arguments centered on the fact that the vast majority of customers who did pay their bills would be penalized ultimately through higher toll and local rates at the expense of the minority of customers who did not pay in a timely manner, or who defaulted entirely. Moreover, all LECs and AT&T were of the opinion that local disconnection provided a significant incentive to pay. The Commission agrees.

The primary concern facing the Commission is whether it is appropriate and lawful to allow local exchange companies to

disconnect local service for a subscriber's failure to pay for toll service rendered by an interexchange carrier that subscribes to the billing and collection service of the LEC. The Commission has researched and considered this legal issue and is of the opinion that it is lawful for the Commission to allow this practice.

If ordinary contract principles were applied to a factual situation where a subscriber failed to pay for toll service provided by a carrier that used the billing and collection service of that subscriber's LEC, it might appear that the LEC, even as an assignee of the IXC's account receivable, would have no collection rights not available to the assignor of the account. If the IXC had no right to disconnect local service for nonpayment, it would appear that the LEC would enjoy no such right as an assignee of the account. However, the Commission finds that it is our broad authority over tariffs, rather than general contract principles, which governs the relationship between public utilities and their customers.[16] Our reading of KRS 278.040 persuades us that we have the authority to allow the disconnection practice proposed by the parties to this case. KRS Chapter 278 gives this Commission primary jurisdiction over public utilities with respect to tolls, schedules, rates, charges, and service. See Louisville Gas & Electric Company v. Dulworth, Ky., 130 S.W.2d 753, 755 (1939).

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16 We find the California Public Utilities Commission's thorough discussion of the scope of Commission authority in these matters in Re Pacific Telephone and Telegraph Co., 64 PUR 4th 563, 609 (1985), to be highly persuasive. Our decision reflects similar conclusions.

This Commission has exclusive jurisdiction over the regulation of rates and service of utilities. KRS 278.040(2). See, e.g., Carr v. Cincinnati Bell, Inc., Ky. App., 651 S.W.2d 126, 128 (1983). For these reasons we find that the proposed disconnection practice is lawful.

Besides the market value which disconnection adds to the billing and collection service, the Commission does view local, toll and other related regulated services as a part of an integrated network. Moreover, except for the interstate offerings, the Commission does regulate both the local service and the intrastate services of all carriers in Kentucky. These two factors distinguish this situation from a situation involving totally unrelated and unregulated services and provided the background for local disconnection in the era prior to divestiture of AT&T and the Bell operating companies. The only difference today is that there are different jurisdictional carriers providing the local and the IXC toll service.

Thus, the Commission has decided to continue to allow local termination for nonpayment of an IXC's services including their interstate service, subject to the following condition. The IXC must have purchased billing and collection services for the customer being disconnected since it is through these charges that the IXC or other Kentucky regulated carrier pays for the disconnect feature. Moreover, local disconnect will not be permitted

for usage charges for non-utility service, even though LECs may bill and collect for such services.[17]

Each LEC should submit a list of interstate service offerings and carriers to which it intends the disconnect feature to apply. The Commission will review this information and grant or deny approval on a case-by-case basis. As new interstate services or carriers are considered for service by an LEC, the LEC should submit this information to the Commission for review and approval.

Disconnection is to be limited to situations involving nonpayment for lawful and reasonable (i.e., tariffed) IXC charges. If LECs' tariffs need modifications to reflect this decision, they should be filed within 20 days of the date of this Order.

Purchase of Accounts Receivable

In its interim Order in Case No. 8838, the Commission allowed an LEC to purchase the accounts receivable of an IXC pending final decision. This issue is closely linked to local termination for nonpayment of IXCs' bills. Since that interim Order, the LECs have added language to their billing and collection tariffs stipulating the conditions for purchase. These tariffs generally benefit both the LEC and the IXC.

Under the tariff provisions, when an LEC provides billing and collection services to an IXC, it may purchase the accounts receivable of an IXC. Although it is inherent under such an arrangement that the LEC make concerted efforts to collect the

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17 For example, information service providers may not demand or receive disconnection for an LEC customer who fails to pay for service provided. This policy includes, but is not limited to, providers of "976" service.

receivables, the ultimate risk of the uncollectibles remains with the IXC through the discount factors for the uncollectibles built into the billing and collection service rates. As previously mentioned, some IXCs do not have the capability to block the consumer for nonpayment of its charges. If the Commission chose to disallow the purchase of receivables and the IXC was unable to block a customer, it would have relatively little control over the collection of its receivables. With the purchase of receivables by the LEC, the LEC presents a single bill to the customer, has primary responsibility for collection of the bill and may disconnect for nonpayment. With this mechanism the IXC can keep its uncollectibles at a minimum, yielding savings that benefit the IXC and its customers.

Having considered these issues, the Commission is of the opinion that it should allow the purchase of accounts receivable by the LEC on a regulated basis when an IXC also obtains other billing and collection services from the LEC, and that the costs of such purchases should be borne by the regulated ratepayer.

In light of this decision, the Commission will allow an LEC to retain customer deposits collected for anticipated nonpayment of IXC charges, when the LEC purchases accounts receivable. However, the Commission will require an adjustment to the uncollectibles to be reflected in the discount factor for the purchase of accounts receivable, in that such deposits will be required to be applied to unpaid IXC charges.

Cut-Off Service Charges

In Administrative Case No. 306, the Commission also raised the issue of the LEC imposing a cut-off service charge on the IXC for termination of local service related to nonpayment of intrastate interLATA IXC toll charges. In the meantime, the FCC, in its release dated January 29, 1986, found that state commissions could not impose cut-off charges for termination of local service related to nonpayment of interstate charges.

The respondents to the Commission's Order of June 20, 1986, in the instant case assert that the costs associated with the termination of local services for nonpayment of IXC charges are built into the rates currently being charged to the IXC. The Commission concurs and, accordingly, is of the opinion that cut-off service charges should not be imposed. If LECs' tariffs need modification to reflect this decision, tariffs should be filed within 20 days of the date of this Order.

Billing and Collection Services Tariffs

On December 29, 1983, the Commission approved billing and collection services tariffs on an interim basis. These tariffs have continued to be effective under interim authority pending this Order. Therefore, since this Order disposes of rehearing issues concerning billing and collection services, these tariffs should be made effective on a permanent basis, with the modifications required herein, subject to future changes in accordance with Commission rules and regulations or Orders.

FINDINGS AND ORDERS

The Commission, having considered the evidence and being advised is of the opinion and finds that:

1. Intrastate billing and collection services should remain as tariffed services.

2. An LEC should be permitted to disconnect local service for nonpayment of Kentucky jurisdictional carriers' interstate and intrastate toll and other related services when the LEC also provides the intrastate billing and collection service for the customer to be disconnected.

3. An LEC should be permitted to purchase the accounts receivable of an IXC when it also provides other billing and collection services to the IXC.

4. Intrastate cut-off service charges should not be imposed. If LECs' tariffs need modification to reflect this decision, tariffs should be filed within 20 days of the date of this Order.

5. Interim billing and collection services tariffs should be made effective on a permanent basis.

6. No LEC should collect for service offerings on behalf of any utility for service offered in Kentucky for any rate or charge not contained in a tariff, or special contract, approved by the Commission. Moreover, no LEC should collect for service offerings on behalf of any utility for any interstate rate or charge not tariffed by the FCC. If LECs' tariffs need modification to reflect this decision, tariffs should be filed within 20 days of the date of this Order.

7. Local disconnect should not be permitted for non-utility service, including Information Access Service. If LECs' tariffs need modification to reflect this decision, tariffs should be filed within 20 days of the date of this Order.

8. Within 20 days of the date of this Order each LEC should submit a list of interstate service offerings and carriers to which it intends the disconnect feature to apply.

9. As new interstate services and/or carriers are considered for service, including the disconnect feature, the LEC should submit this information to the Commission at least 20 days prior to consummation of the contract.

Accordingly, each of the above findings is HEREBY ORDERED.

Done at Frankfort, Kentucky, this 1st day of March, 1988.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director